



A PHI Company

5100 Harding Highway
Mays Landing, NJ 08330

June 30, 2006

Kristi Izzo, Secretary
New Jersey Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

**RE: IN THE MATTER OF THE ESTABLISHMENT OF
A UNIVERSAL SERVICE FUND PURSUANT TO
SECTION 12 OF THE ELECTRIC DISCOUNT AND
ENERGY COMPETITION ACT OF 1999
BPU DOCKET NO. EX00020091**

**ATLANTIC CITY ELECTRIC COMPANY
2006/2007 ANNUAL COMPLIANCE FILING FOR
THE UNIVERSAL SERVICE FUND PROGRAM FACTOR
WITHIN THE SOCIETAL BENEFITS CHARGE RATE**

Dear Ms. Izzo:

Enclosed for filing in the Universal Service Fund (USF) proceeding captioned above, an original and 10 copies of the Atlantic City Electric Company (ACE or the Company) 2006/2007 USF Compliance Filing. Kindly acknowledge receipt of this Compliance Filing by date stamping the enclosed copy of this letter and returning the same in the stamped, self-addressed envelope. Pursuant to New Jersey Board of Public Utilities (Board) Order dated June 22, 2005, an annual compliance filing for prospective USF rates is required on July 1st of each year.

In order to streamline, the Board's review of the documents within this proceeding, the utilities agreed to present supporting documentation for joint recommendations within the compliance filing of Public Service Electric and Gas Company. This filing documents ACE's support of a decrease of the current Statewide electric USF rate on and after October 1, 2006.

Based upon the results known to date for the 2005/2006 USF program year and the available estimates for the 2006/2007 USF program year, it is proposed that the statewide USF rates

should be set to recover \$156.4 million on a statewide bases. The details for the recovery of the \$156.4 million statewide are set forth on the template appended hereto as Attachment A. Additionally, based upon the available estimates known to date for the 2006/2007 Lifeline program year, it is proposed that the statewide Lifeline rates should be set to recover \$72.0 million on a statewide bases. The details for the recovery of the \$72.0 million statewide are set forth on the template appended hereto as Attachment A.

In addition, ACE has appended proposed tariff sheets, effective October 1, 2006, Attachment B, proposing to decrease its electric USF program factor from 0.0892 cents per kWh (0.0946 cents per kWh including SUT) to 0.0601 cents per kWh (0.0637 cents per kWh including SUT).

In the event that after the October 1, 2006 implementation of the proposed statewide electric and gas USF rates, the Board or DHS may direct that the USF program be modified in such a manner that the benefits to participants or the cost of the program will increase. The Company requests herein that it reserve the right to petition for an increase. Any such increases would be reconciled in the Company's next scheduled annual USF compliance filing to be made no later than July 1, 2007.

ACE requests that the Board accept this filing and issue an Order approving a decrease of the current statewide electric USF rate for electric service on and after October 1, 2006.

Respectfully submitted,

A handwritten signature in blue ink, reading "Joseph F. Janocha".

Joseph F. Janocha, PE
Regulatory Affairs Manager
PHI Rates and Technical Services

C: Attached service list

Service List
In the Matter of the Establishment of a Universal Service Fund
Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999
Docket No. EX00020091

BPU Staff

Shauna D. Jackson, Esq.
Counsel's Office
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Nusha Wyner, Director
Division of Energy
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Dennis Moran, Assistant Director
Division of Energy
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Lisa Nicastro
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Daniel Sussman
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Alex Stern, Esq.
Counsel's Office
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Division of Law

Carla V. Bello, DAG
NJ Dept of Law and Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07102

Suzana Loncar, DAG
NJ Dept of Law and Public Safety
Division of Law
124 Halsey Street
P.O. Box 45006
Newark, NJ 07102

Div. of Ratepayer Advocate

Seema Singh, Director
Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Sarah H. Steindel, Esq.
Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Kurt Lewandowski, Esq.
Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07110

Ami Morita, Esq.
Division of the Ratepayer Advocate
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07110

Dept. of Human Services

Bernard J. Walsh
NJ Department of Human Services
Division of Family Development
P.O. Box 716
Trenton, NJ 08625-0716

AARP

James Dieterle
AARP
Forrestal Village
132 Main Street
Princeton, NJ 08540

Barbara Alexander
Consumer Affairs Consultant
83 Wedgewood Drive
Winthrop, ME 04364

Legal Services of New Jersey

David McMillin
Legal Services of New Jersey
P.O. Box 1357
Edison, NJ 08818-1357

Rockland Electric

John L. Carley, Esq.
Assistant General Counsel
Consolidated Edison Company of NY
4 Irving Place
18th Floor, Room 1815-S
New York, NY 10003

Tim McVey
Rockland Electric Company
390 West Route 59
Spring Valley, NY 10977

John Pultz
Rockland Electric Company
4 Irving Place
2nd Floor East
New York, NY 10003

William A. Atzl, Jr.
Rockland Electric Company
4 Irving Place
2nd Floor East
New York, NY 10003

Elizabethtown Gas

Mary Patricia Keefe, Esq.
Elizabethtown Gas
One Elizabethtown Plaza
P.O. Box 3175
Union, NJ 07083-1875

Thomas Kaufmann
Elizabethtown Gas
One Elizabethtown Plaza
P.O. Box 3175
Union, NJ 07083-1875

Kenneth T. Maloney, Esq.
Cullen and Dykman
1101 Fourteenth Street, NW
Washington, DC 20005

South Jersey Gas

Gary P. Dean, Manager
Rates & Tariffs
South Jersey Gas Company
One South jersey Plaza
Route 54
Folsom, NJ 08037

Ira Megdal, Esq.
Cozen O'Connor
Libertyview, St. 300
457 Haddonfield Road
P.O. Box 5459
Cherry Hill, NJ 08002-2220

Jim Fredricks
South Jersey Gas Company
Rates & Tariffs
One South jersey Plaza
Route 54
Folsom, NJ 08037

Jersey Central Power & Light

Sally J. Cheong
Jersey Central Power & Light Co.
300 Madison Ave
Morristown, NJ 07962

Michael J. Filippone
Jersey Central Power & Light Co.
300 Madison Ave
Morristown, NJ 07962

Susan D. Marano
Jersey Central Power & Light Co.
300 Madison Ave
Morristown, NJ 07962

Julie L. Friedberg, Esq.
Thelen Reid & Priest LLP
200 Campus Drive, Suite 210
Florham Park, NJ 06932

Atlantic City Electric Company

Joseph Janocha, P.E.
PHI Rates and Technical Services
Atlantic Regional Office
5100 Harding Highway
Mays Landing, NJ 08330

Stacy Hertzfeld
PHI Rates and Technical Services
New Castle Regional Office
401 Eagle Run Road
Newark, DE 19702

Karen Parham
Regulatory Strategy and Policy
Atlantic City Electric Company
Edison Place
701 9th St NW STE 9005
Washington DC 20068-
0001

Roger E. Pedersen
Manager, NJ – Regulatory Affairs
Atlantic City Electric Company
5100 Harding Highway
Mays Landing, NJ 08330

New Jersey Natural Gas

Anne-Marie Peracchio
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Tina Sinks
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Tracey Thayer, Esq.
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Public Service Electric and Gas

Francis E. Delany, Jr, Vice President
and Corporate Rate Counsel
Public Service Electric and Gas Co.
80 Park Plaza, T8C
Newark, NJ 07102

Andrew K. Dembia, Esq.
Public Service Electric and Gas Co.
80 Park Plaza, T08C
P.O. Box 570
Newark, NJ 07102

Mary C. Pusinski-Beckish
Public Service Electric and Gas Co.
80 Park Plaza, T8C
Newark, NJ 07102

New Jersey Citizen Action

Atif Malik
Regional Organizer
New Jersey Citizen Action
24 Commerce St., Suite 504
Newark, New Jersey 07102

Ev Liebman
NJCA Program Director
New Jersey Citizen Action
24 Commerce St., Suite 504
Newark, New Jersey 07102

USF calculation of rates as of 10/1/06

		<u>Gas</u> 54.982%	<u>Electric</u> 45.018%	<u>Total</u> 100.000%	(based on estimate of benefits)
USF-Permanent program projections for Program Year 2006					
admin costs-DHS	a	\$1,649,452	\$1,350,548	\$3,000,000	
admin costs-utility (postage/mailing)	b	\$86,261	\$70,582	\$156,843	
estimate of benefits for next program year	c	\$62,147,590	\$50,885,593	\$113,033,183	
Est. program u/r @ 9/30/06*	d	\$38,779,448	(\$11,041,386)	\$27,738,062	
Fresh Start Program	e	\$6,133,549	\$6,350,880	\$12,484,429	
Total	f=a+b+c+d+e	<u>\$108,796,299</u>	<u>\$47,616,217</u>	<u>\$156,412,516</u>	
Projected Volumes	g	5,035,792,429	79,183,193,000		(normalized jurisdictional volumes for 12 mos beginning 10/1/06)
New rate, before tax	h=f/g	\$0.0216	\$0.000601		
Current before tax rate	i	<u>\$0.0088</u>	<u>\$0.000892</u>		
Before tax Increase/(Decrease)	j=h-i	\$0.0128	(\$0.000291)		
New Rate, after tax	k=h*1.06	\$0.0229	\$0.000637		
Current Rate, after tax	l=i*1.06	<u>\$0.0093</u>	<u>\$0.000946</u>		
After tax Increase/(Decrease)	m=k-l	\$0.0136	(\$0.000309)		

* Actuals through April 2006. Estimated underrecovery is calculated as the difference between the USF expenditures (benefits to customers, FSP costs, administrative costs and SBC carrying costs) and the amounts received from the Clearinghouse. See (Projected Underrecovery by Utility-Gas) and (Projected Underrecovery by Utility-Electric) for each company's underrecovery position.

ATLANTIC CITY ELECTRIC COMPANY ~~d/b/a Conectiv Power Delivery~~BPU NJ No. 11 Electric Service - Section IV ~~Sixth~~ Seventh Revised Sheet Replaces ~~Fifth~~ Sixth Revised Sheet No. 58

RIDER (SBC)
Societal Benefits Charge (SBC)

Customers receiving service under Electric Rate Schedules RS, MGS, AGS, TS, TGS, DDC, SPL, and CSL and any customer taking service under special contractual arrangements.

In accordance with the New Jersey Electric Discount and Energy Competition Act, Societal Benefits Charges include:

- Clean Energy Program Costs
- Uncollectible Accounts
- Universal Service Fund
- Lifeline
- Consumer Education Program

The Company's Societal Benefits Charges to be effective on and after the date indicated below are as follows:

Clean Energy Program	\$0.001071 per kWh
Uncollectible Accounts	\$0.000336 per kWh
Universal Service Fund	\$0.000946 per kWh <u>\$0.000637 per kwh</u>
Lifeline	\$0.000710 per kW <u>\$0.000674 per kwhh</u>
Consumer Education Program	\$0.000126 per kWh

Date of Issue: ~~December 2, 2005~~ July 1, 2006
20052006

Effective Date: ~~June 1~~ October 1,

Issued by: William J Simm, President - Atlantic City Electric Company

Filed pursuant to Order of the Board of Public Utilities of the State of New Jersey as presented in Docket

No. ~~ER0302110~~ EX00020091

ATLANTIC CITY ELECTRIC COMPANY

BPU NJ No. 11 Electric Service - Section IV Seventh Revised Sheet Replaces Sixth Revised Sheet No. 58

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Effective Date: October 1, 2006

Issued by: William J Simm, President - Atlantic City Electric Company

Filed pursuant to Order of the Board of Public Utilities of the State of New Jersey as presented in Docket No. EX00020091